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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Division of Information

FEDERAL BUDGET ITEMS OF INTEREST TO AGRICULTURE



Federal Receipts

Farmers as a whole are practically exempt from direct Federal taxes, which amount to about half of our National revenue.

Presumably farmers pay approximately their proportionate share of indirect levies.

The Federal Government does not have a general property tax, which is the farmer's greatest tax burden. Taxes on the farmer's real estate are levied only by state and local governments.

By far the largest single source of revenue for the National Government is the income tax, which accounted for about 40 percent of Federal revenue in each of the past three fiscal years.

A study of income distribution for 1935-36 shows that more than 90 percent of the nation's farm families were in income brackets below \$2,500, which is the exemption for a married couple in the Federal income tax law. On this basis 9 out of 10 farm families do not have to pay income taxes to the Federal Government at all.

Social security taxes, which averaged over 10 percent of Federal receipts in the last two years, constitute another large source of revenue not paid by farmers.

Federal Expenditures

The cost of the AAA farm program was 8 percent of Federal expenditures in the 1939 fiscal year. This was less than expenditures for national defense, less than for interest on the public debt, less than for social security, less than for unemployment relief, and less than for public works.

AAA expenditures were less than half of the combined Federal expenditures for national defense and veterans' aids and less than a third of the cost of unemployment relief to the National Government.

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SOURCES OF FEDERAL RECEIPTS AS PERCENTAGES OF TOTAL*

Year Ending June 30	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Income Taxes 1/	54	58	58	58	53	36	26	29	35	41	42	38
Tobacco Taxes	10	11	11	14	20	19	14	12	12	10	9	10
Alcohol Taxes	--	--	--	--	--	2	8	11	12	11	9	10
Manufacturers Excise Taxes 2/	--	--	--	--	--	12	12	9	9	9	7	7
Miscellaneous Internal Revenue 3/	4	4	4	4	5	8	13	11	16	11	12	12
Customs Receipts	14	15	14	12	16	12	10	9	9	9	6	6
Foreign Obligations	5	5	6	7	--	5	1	--	--	--	--	--
All Processing Taxes	--	--	--	--	--	--	11	14	2	--	--	--
Social Security Taxes 4/	--	--	--	--	--	--	--	--	--	5	10	11
All Other Receipts 5/	12	7	7	5	6	6	5	5	5	4	5	6
Total Receipts in Millions of Dollars \$	4,042	4,033	4,178	3,190	2,006	2,080	3,116	3,800	4,116	5,294	6,242	5,668

Footnotes on next page.

SOURCES OF FEDERAL RECEIPTS AS PERCENTAGES OF TOTAL (Continued)

Footnotes:

* Compiled from annual budget statements, Bureau of the Budget.

- 1/ Includes current and back taxes on individuals and corporations and excess-profits tax.
- 2/ Includes taxes on gasoline, passenger automobiles and parts, lubricating oils, tires and inner tubes, electrical energy, refrigerators, and miscellaneous items.
- 3/ Includes estate, gift, capital stock, and unjust enrichment taxes; taxes on stamps, communication facilities, admissions, coconut and other processed oils, oil transportation by pipe line; taxes under the Sugar and Coal Acts of 1937, and all other miscellaneous.
- 4/ Includes taxes under Federal Insurance Contributions Act for old-age reserve fund and taxes under Federal Unemployment Tax Act earmarked for grants to States.
- 5/ Includes taxes upon carriers and their employees, taxes under Railroad Unemployment Insurance Act, and miscellaneous receipts.

FEDERAL EXPENDITURES AS PERCENTAGES OF TOTAL*

Year ending June 30	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Legislative, Judicial, and Civil establishments 1/	14	15	15	16	15	13	7	7	7	8	9	8
National defense 2/	17	18	18	16	14	15	8	9	10	10	13	12
Veterans' pensions and benefits 3/	21	19	19	23	20	20	8	8	26	13	7	6
Interest on public debt - - - -	20	13	16	15	12	16	12	11	8	10	12	10
Agricultural Adjustment and related programs 4/	--	--	--	--	--	--	5	9	6	6	5	8
Social Security 5/	--	--	--	--	--	--	--	--	--	5	9	9
Unemployment relief 6/ - - -	--	--	--	--	--	8	29	31	26	31	26	29
Public Works 7/	5	6	5	10	10	11	10	10	10	13	11	12
All other expenditures 8/ - - -	8	10	13	9	21	6	15	7	2	3	7	5
Debt retirement	15	14	14	11	8	11	6	8	5	1	1	1
Total expenditures in millions of dollars - - - -	3,643	3,848	3,994	4,111	4,948	4,325	6,371	7,583	9,069	8,546	7,691	9,268

Footnotes on next page.

FEDERAL EXPENDITURES AS PERCENTAGES OF TOTAL (Continued)

Footnotes:

* Compiled from annual budget statements, Bureau of the Budget.

- 1/ Includes legislative and judicial establishments; Agriculture, Commerce, Interior, Justice, Labor, Post Office (deficiency), State, Treasury, War (nonmilitary) Departments; District of Columbia (United States share); and independent offices and commissions.
- Agriculture Department expenditures listed represent mainly costs of bureaus, offices and establishments in the Department not otherwise noted (except that various construction expenditures are included in Public Works).
- Includes, among other items, expenditures for Soil Conservation Service and administrative expenses of Rural Electrification Administration.
- 2/ Includes all expenditures by Navy and War (military) Departments except expenditures for army housing and construction of naval shore stations, which are included in Public Works.
- 3/ Includes U. S. Veterans' Bureau general expenditures plus adjusted service certificate fund and Pensions Bureau expenditures.
- 4/ Represents mainly payments to farmers plus costs of administering payment programs. Principal items are: conservation payments, county committee expenses, and salaries and expenses of Agricultural Adjustment Administration; parity payments; expenditures for disposal of surplus commodities; expenditures under Sugar Act of 1937; expenditures under Federal Crop Insurance Act; salaries and expenses for administration of marketing agreements.
- 5/ Includes total expenses Social Security Board; public health grants to Labor and Commerce Departments, and old-age reserve account expenditures.
- 6/ Includes direct relief (Federal Emergency Relief Administration; Department of Agriculture drought relief; Farm Security Administration, except loans; Federal Farm Mortgage Corporation reduction in interest rates; Federal Land Banks reduction in interest rates), work relief (WPA; NYA; CWA; Puerto Rico Reconstruction Administration; Treasury and other departments' administrative expenses for FERA program; employees compensation claims under relief acts; General Accounts administrative expenses), and CCC.
- 7/ Includes public highways, TVA, reclamation, rivers and harbors improvement, flood control, public buildings, grants to public bodies, and miscellaneous items.
- 8/ Includes refunds of receipts; railroad retirement; Government employees' retirement funds; loans, investments, and subscriptions to stock (including, from Agriculture Department, Farm Security Administration loans, Farm Tenant Act loans, Rural Electrification Administration loans, Farm Credit Administration loans and expenditures, Federal Crop Insurance Corporation and Commodity Credit Corporation subscriptions to capital stock); Commodity Credit losses, and other items.

FARM INCOME, NATIONAL INCOME, FEDERAL RECEIPTS, FEDERAL EXPENDITURES,
FEDERAL DEBT, AND INTEREST PAID ON FEDERAL DEBT, 1920-1939

	Cash Farm Income ^{1/}	National Income Produced ^{2/}	Total Federal Ordinary Receipts ^{3/}	Total Federal Expenditures Chargeable Against Ordinary Receipts ^{3/}	Federal Interest- Bearing Debt Out- standing ^{3/}	Interest Paid on the Federal Debt ^{3/}
	(Mil. dol.)	(Mil. dol.)	(Mil. dol.)	(Mil. dol.)	(Mil. dol.)	(Mil. dol.)
1920	12,553	69,500	6,695	6,482	24,061	1,020
1921	8,107	51,500	5,625	5,538	23,737	999
1922	8,518	59,700	4,109	3,795	22,711	991
1923	9,524	69,400	4,007	3,697	22,008	1,056
1924	10,150	69,200	4,012	3,507	20,982	941
1925	10,927	74,200	3,780	3,530	20,211	882
1926	10,529	76,300	3,963	3,585	19,384	832
1927	10,699	75,200	4,129	3,494	18,251	787
1928	11,024	79,100	4,042	3,643	17,318	732
1929	11,221	82,691	4,033	3,848	16,639	678
1930	8,883	69,104	4,178	3,994	15,922	659
1931	6,283	54,249	3,190	4,092	16,520	612
1932	4,682	40,089	2,006	4,948	19,161	599
1933	5,409	42,504	2,080	4,325	22,158	689
1934	6,720	50,611	3,116	6,371	26,480	757
1935	7,542	55,794	3,800	7,583	27,645	821
1936	8,499	65,226	4,116	9,069	32,756	749
1937	9,111	71,583	5,294	8,546	35,803	866
1938	8,081 ^{4/}	63,993	6,242	7,691	36,579	926
1939	8,518 ^{4/}	68,500 ^{4/}	5,668	9,268	39,892	941

^{1/} Cash income from farm marketings, including government payments beginning in 1933. Calendar year basis. Source: BAE.

^{2/} Calendar year basis. Source: USDC. Figures for 1920-28 from National Bureau of Economic Research, adjusted by USDC to conform to 1929-39 series.

^{3/} Fiscal year basis. Source: Annual Reports of Secretary of the Treasury.

^{4/} Preliminary.

